

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE MOUNTAIN)	
WATER DISTRICT, OF PIKE COUNTY,)	CASE NO. 9850
KENTUCKY, FOR APPROVAL OF)	
CONSTRUCTION)	

O R D E R

Mountain Water District ("Mountain") by application filed January 26, 1987, is seeking authorization to construct a \$353,700 waterworks improvement project and approval of its plan of financing for this project. The project funding includes \$283,700 in excess funds from Case No. 8848 involving the Shelby Valley Water District and \$70,000 from a Housing and Urban Development Community Development Block Grant ("CDBG"). The Shelby Valley Water District, the Marrowbone Creek Water District, the Pond Creek Water District and the John's Creek Water District were merged into Mountain in accordance with the Commission's Order in Case No. 9499.

The proposed construction will add and refurbish water storage facilities and will allow the future addition of about 40 new customers. Drawings and specifications for the proposed improvements by Kenvirons, Inc., Frankfort, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record, and being advised, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction consists of a 200,000-gallon water storage tank, refurbishing of the existing water storage tanks at Wolfpit and Lookout, the installation of an altitude valve at the Wolfpit water storage tank, approximately 1.1 miles of 8-, 6-, and 4-inch diameter pipelines, and related appurtenances. The low bids totaled \$299,600 which will require about \$353,700 after allowances are made for fees, contingencies, and other indirect costs.

3. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

4. Mountain should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

5. Mountain's contract with its Engineer should require the provision of full-time resident inspection under the general

supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. Mountain should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

7. The financing plan proposed by Mountain is for the lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service and should, therefore, be approved.

8. The financing secured by Mountain for this project will be needed to pay for the work herein approved. Mountain's financing plan should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Mountain be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.

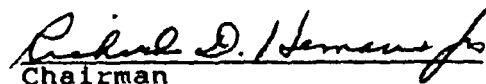
2. Mountain's financing plan consisting of \$283,700 in excess funds from Case No. 8848 and \$70,000 in CDBG funds be and it hereby is approved.

3. Mountain shall comply with all matters set out in Findings 3 through 6 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 23th day of April, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director